

## **FISCAL NOTE**

### **SB 2966 - HB 2861**

March 29, 2000

**SUMMARY OF BILL:** Creates the *New Schools Charter Project Act of 2000*. The State Board of Education shall begin implementation of a pilot revised school management system, no later than July 1, 2000, involving six or more school sites in each of the three state grand divisions. The board shall solicit school districts to volunteer to participate in the project for a three-year period.

A five-member management team shall be selected to manage each of the project schools. Local boards will accept bids from individuals who wish to be considered to be on a team. The boards will choose the members of the team from bids from system teachers, system administrators, parents of students attending the project school, or a combination of the above. All bids shall be submitted by January 1, 2001, for project schools to begin operation in the 2001-2002 school year. Local boards of education shall designate the schools that will be eligible. Schools approved for pilot project status shall receive notification of approval no later than March 15, 2001.

Project schools shall be open to all students under whatever assignment or admissions policy is in effect in the school system. Staffing and personnel decisions for the schools in the pilot project shall be vested in the five-member management teams for the duration of the project. All certificated staff pay and benefits shall be maintained in accordance with the salary and benefit schedules adopted or negotiated by the local board of education. The State Board of Education shall waive, for participating schools, such rules and regulations as the board determines will enhance the target proposals of the pilot project school. The local superintendent of the district in which the pilot project school is located shall have ongoing access to the records and facilities of the project school to ensure that the school is in compliance with its bid and that state laws concerning assessment, testing, civil rights, student health and safety are being met. The Commissioner of Education shall develop a procedure for the annual evaluation of the new schools charter pilot project, including recommended means for expanding desirable elements of the project to other schools and school districts in the state.

#### **ESTIMATED FISCAL IMPACT:**

##### **Increase State Expenditures:**

**\$62,000/Dept. of Education FY00-01 and thereafter  
(Reflected in the Governor's FY00-01 Budget)  
Exceeds \$900,000/BEP FY01-02 and thereafter**

##### **Increase Local Govt. Expenditures\*:**

**Exceeds \$425,000/BEP FY01-02 and thereafter  
\$2,337,600 for 2 new members on each management team at  
each of the 18 schools**

##### **Other Fiscal Impact - Increase Federal Revenues:**

**Exceeds \$100,000 FY01-02 and thereafter**

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Estimate assumes:

- One position and related expenses in the Department of Education for administrative purposes associated with the New Schools Charter Pilot Project.
- A typical public charter school will have at least 200 students and at least 10% will come from private schools and/or from home schools.
- Eighteen schools will be established for academic years 2001-02, 2002-03 and 2003-04 and will increase BEP funding for at least 360 students who are not now enrolled in public schools.
- BEP funding for 1999-00 provided an average of approximately \$3,698 per student of which approximately 67% is state funds.
- BEP funding for 2001-02 is based on an amount exceeding \$50,000 for each public charter school established.
- The management team for each project school will consist of 3 existing LEA members and 2 new members. The average cost of a system administrator (salary and benefits) is \$64,934. The cost for the 2 new members of the management team would be \$64,934 x 2 members x 18 schools = \$2,337,624.
- Tennessee will be eligible to receive federal charter school grants.

The Governor's FY00-01 Budget reflects \$1,000,000 for charter schools. However, the bill provides that the three-year New Schools Charter Project Act does not begin until FY01-02. Therefore, this fiscal note assumes only the one position and related expenses in the Department of Education (\$62,000) is needed during FY00-01 from the \$1,000,000 improvement request in the Governor's FY00-01 Recommended Budget.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director